
OFFICE OF THE ALBANY CITY TREASURER

DATE: May 3, 2018

TO: Hon. Kathy M. Sheehan
Members of the Common Council

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Mike Wheeler

RE: 1st quarter 2018 Performance

The following is a summary of the unaudited results for the 1st Quarter 2018. Fiscal performance was stable and within budgetary expectations for 2018, with the exception of expenditures related to the overtime, utilities and contracted services.

Revenue in the first quarter of 2018 totaled \$84.4 million which was a little over \$9.6M more than the same period last year at this time (most of this increase is related to billing the State for the first part of the 2018 19a funds in March compared to receiving it in June last year). Expenses totaled almost \$33.8M which was a decrease of 0.1% or slightly under (\$46,000) compared to the first quarter of 2017.

REVENUE (Thousands)

	MAR	MAR		%	MAR	Annual		%
REVENUE	YTD 18	YTD 17	Variance		YTD 18	Budget	Variance	Budget
PROPERTY TAX	58,541	57,709	832	1%	58,541	58,250	291	100%
SALES/USE TAX	8,351	7,966	385	5%	8,351	33,607	(25,256)	25%
PILOTS/19-a	11,028	2,475	8,553	346%	11,028	21,075	(10,047)	52%
OTHER LOCAL SOURCES	464	652	(188)	-29%	464	3,086	(2,622)	15%
LANDFILL	1,123	1,715	(592)	-35%	1,123	6,002	(4,879)	19%
OTHER DEPARTMENTS	1,916	425	1,491	351%	1,916	5,807	(3,891)	33%
INTER GOVERNMENT	71	43	28	65%	71	107	(36)	66%
FINES	1,264	1,295	(31)	-2%	1,264	5,271	(4,007)	24%
LICENSES AND PERMITS	1,129	1,060	69	7%	1,129	3,708	(2,579)	30%
STATE AID	0	0	0	100%	0	29,383	(29,383)	0%
SALE P/COMP/LOSS	0	7	(7)	-100%	0	996	(996)	0%
MISCELLANEOUS	546	1,426	(880)	-62%	546	7,980	(7,434)	7%
OTHER	13	11	2	18%	13	1,519	(1,506)	1%
TOTAL REVENUE	84,446	74,784	9,662	13%	84,446	176,791	(92,345)	48%

The chart above summarizes the City's sources of revenue through March 31, 2018.

1. **Property Tax revenue** increased by \$832K from last year as result of the slight increase in the tax rate and the expansion of the tax base, and is over budget at the end of the first quarter as a result of paying a small number of assessment reductions by the end of the quarter.
2. **Sales Tax revenue** the first quarter sales tax revenue was higher than last year at \$8.3M and on budget at 25% for the year in first quarter.
3. **PILOTS/19-a revenue** was higher than the same period last year. Most of the increase is due to the City timing of billing for PILOTS on the new ERP system. The largest was over \$7.0M for the 19a properties billed to NYS.
4. **Other Local sources revenue** decreased from the first quarter of 2017. The difference from year to year is related to receiving the Time Warner Franchise in the first quarter last year.
5. **Landfill revenue** decreased 35% compared to the same period last year. Tipping fees decreased by almost \$550K from commercial customers and coupon sales decrease by \$67K. Revenue is also slightly below budget for the year at 19%.
6. **Other Departmental revenue** was 351% (\$1.5M) higher than last year at this time. Difference was the result of billing the 2018 waste collection fees were in March this year. Last year they were not billed until April. Rental registries increased by \$40K and EMS Ambulatory revenue increased by \$84K. APD Event Security revenue decreased by almost \$52K.
7. **Fines and Forfeitures revenue** decreased by 2% from last year. The decrease was the result the timing of Red Light Camera fine payments to the contractor.
8. **Licenses and Permits revenue** increased 7% (\$69K) compared to the same period last year. Safety Inspection permits revenue increased by \$132K, street opening revenue increased by \$90K and parking permit revenue increased by \$20K. While stabilizations and demolition fees decreased by \$70K and taxi medallion revenue decreased by \$67K.
9. **State aid** – There was no revenue received by the end of the first quarter in 2018. Most of this revenue is derived from state grants and various state payments. The timing of these payments varies from year to year.

10. **Miscellaneous revenue** decreased 62% (\$880K) compared to the same time last year. This category is made up of refund of prior year expenses, special events revenue and reimbursements from ACDA.

11. **Other revenue** increased by \$2K compared to the same period last year. Most of this revenue is derived from federal government grants and the timing of these payments varies from one year to the next.

DISBURSEMENTS

Category/Account	MAR	MAR		%	Annual		%
	YTD 18	YTD 17	Variance		Budget	Variance	Budget
Personal Benefits	18,552,289	18,468,826	83,463	0.5%	75,263,892	(56,711,603)	25%
Fringe Benefits	11,023,817	11,224,865	(201,048)	-1.8%	50,858,134	(39,834,317)	22%
Non-Personal Service	<u>4,213,305</u>	<u>4,141,508</u>	<u>71,796</u>	<u>1.7%</u>	<u>50,669,488</u>	<u>(46,456,183)</u>	<u>8%</u>
Total	33,789,410	33,835,199	(45,789)	-0.1%	176,791,514	(143,002,104)	19%
Number of weeks in period	13	13	0		52		25%

Total disbursements decreased by slightly over \$45K or 0.1% compared to the same period last year. Spending was down Fringe Benefits and up slightly in Personnel Benefits and Non-Personal Services compared in the first quarter.

1. **Salary expense increased by 0.5%** compared to the same period last year. The Police department was up by \$55K from last year and the Maintenance of Streets department increased by \$106K. The Fire department decreased by \$148K. This category also includes overtime expenses which ended the quarter \$121K higher than in 2017 (due in part to the snowstorms). Most of the other City departments were at similar levels or had slightly lower salary expenses for the quarter.
2. **Benefits Expenses decreased by 1.8%** from the first quarter of last year. This category was below budget for the first quarter at 22%. Most of the decrease in this category was attributable to decreases in workers compensation lines (\$86K) and retirement expenses from NYS which

were down (\$237K). Retiree and employee health insurance lines increased (\$172K).

3. Non-Personal Service spending increased by 1.7% or almost \$72K.

Not including encumbrances this category was only 8% of budget by the end of the first quarter. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. The first quarter saw increases over last year in the following areas. Utilities expenses increased \$162K, gasoline expense \$11K, motor vehicles expense \$56K and contracted services increased \$219K. BRC saw demolitions expense decrease \$265K and debt service was lower by \$184K.

4. Encumbrances (funds reserved for purchases) decreased by almost \$1.0M compared to the same period last year. Encumbrances total slightly more than \$5.4M at the end of the first quarter.

OVERTIME

Department	2018	2017	Change	%	2018	Budget	% of Budget
Police (non-reimbursable)	1,036,492	995,794	40,698	4%	1,036,492	4,078,500	25%
Fire	152,307	167,685	(15,378)	-9%	152,307	439,000	35%
Communications	71,453	52,547	18,906	36%	71,453	175,000	41%
Parks Maintenance	72,557	67,131	5,426	8%	72,557	185,000	39%
Waste Collection	67,238	63,816	3,422	5%	67,238	175,000	38%
Landfill	61,676	56,434	5,242	9%	61,676	150,000	41%
Central Maint.	18,249	11,672	6,577	56%	18,249	70,000	26%
Street Maintenance	166,234	108,554	57,680	53%	166,234	270,000	62%
Recreation	319	614	(295)	-48%	319	12,000	3%
Traffic Engineering	8,919	10,684	(1,765)	-17%	8,919	40,000	22%
Capital Hills	5,298	7,687	(2,389)	-31%	5,298	26,000	20%
Fleet Maintenance	15,123	15,712	(589)	-4%	15,123	18,000	84%
Bleeker Stadium	0	0	0	0%	0	500	0%
Buildings	24,679	20,287	4,392	22%	24,679	50,000	49%
DGS Administration	320	453	(133)	-29%	320	2,500	13%
Control of Animals	2,733	2,128	605	28%	2,733	9,000	30%
Cultural Affairs	146	1,085	(939)	-87%	146	15,000	1%
General Fund	1,703,743	1,582,283	121,460	8%	1,703,743	5,715,500	30%
Police (reimbursable)	261,046	241,126	19,920	8%	261,046	1,240,500	21%
Traffic Eng. (reimbursable)	0	0	0	0%	0	500	0%
Water	160,385	142,557	17,828	13%	160,385	490,000	33%
Totals	2,125,174	1,965,966	159,208	8%	2,125,174	7,446,500	29%

General Fund overtime was over budget (29%) at the end of the first quarter. Excluding the Water Department (for which the City is reimbursed) and

reimbursable Police overtime, overtime expense was 8% (\$121K) higher than the same period last year.

The Street Maintenance department had the biggest increase in overtime payments which were up by almost \$58K. Much of this was related to the additional work related to snow removal. The Fire department decreased by over \$15K and posted its lowest 1Q OT since 2012, but ended the quarter at 35%. OT, as expected, was reduced as new recruits filled staffing gaps. The majority of departments have higher overtime expenses this year than last year.

CASH



The City's cash position was 7% lower than forecasted and \$3.5.M lower than the same period last year. Most of the decrease is the result of the County of Albany receiving the corporate tax payments directly instead of the City collecting this cash and reimbursing the County at a later date.

CONCLUSION

The City saw an increase in overall revenue in the first quarter compared to 2017, because of the timing of the 19a billing. Expenses were down in the first quarter of 2018 compared to last year at this time, mostly as the result of decreases in retirement costs, worker's compensation expenses, demolition expenses and debt service expenses.

Thus far, there are no major surprises for 2018 other than the 3 snow emergencies, and the City is largely moving forward as expected financially. The City will have to continue to watch expenses closely and try to control them as much as possible, while continuing to push for revenue increases where it can locally, and at the State level where a permanent solution for the revenue gap caused by tax exempt properties remains the goal.